

February 18, 2011

The Honorable Lamar Smith, Chairman
House Judiciary Committee
United States House of Representatives
Washington, DC 20510

Dear Mr. Chairman:

On behalf of our 28,000 members in the Texas Society of Certified Public Accountants, we are writing to thank you for your past leadership on the issue of stopping the issuance of tax strategy patents. We know that, in the past, you have made resolving this problem for taxpayers and their advisers a top priority in your efforts to reform our nation's patent laws. **We greatly appreciate your commitment to ensuring that our tax code is fair, less complicated, and accessible to all.**

With your support, we believe that we can finally solve this problem once and for all. **The members of the Texas Society of CPAs believe that this pro-taxpayer provision is an essential part of any patent reform initiative and we ask that you include it in any comprehensive patent reform bill that you introduce.**

Tax strategy patents undermine the integrity of our tax code and unnecessarily complicate compliance. As such, we have previously expressed great concern to lawmakers about this issue, and seek to ensure that our tax code is accessible to everyone, and that no one has a monopoly on a particular form of tax compliance. No taxpayer should risk litigation from a patent holder or be subject to royalties just for using the best means available to comply with federal tax law.

Over the past several years, we have been advocating such legislation, in conjunction with a national coalition of taxpayer rights groups, consumer groups, financial planners, and public interest groups to resolve this problem.

Currently, there are over 130 tax strategy patents which have been issued and over 150 pending. The scope of these inappropriate patents is startling. Indeed, patents for tax planning methods have already been granted in a variety of areas, including the use of financial products, charitable giving, estate and gift tax, pension plans, tax-deferred exchanges, and deferred compensation. We are concerned that the range of these patents will only grow into other areas affecting everyday taxpayers.

As you know, there is broad, bipartisan, and growing support for this legislation. With your critical support, in the 110th Congress, the House of Representatives passed a patent reform bill which included a tax strategy patents provision. In addition, in both the 110th and 111th Congresses, Intellectual Property, Competition, and Internet Subcommittee Chairman Bob Goodlatte, along with former Congressman Rick Boucher, introduced freestanding legislation on this issue, garnering over 40

Representative Lamar Smith

February 18, 2011

Page 2

co-sponsors. Meanwhile, in the Senate, Senate Finance Committee Chairman Max Baucus and Senate Judiciary Committee Ranking Member Charles Grassley have also been outspoken advocates on this issue. In the 110th Congress, they introduced freestanding legislation that garnered 30 co-sponsors, including then-Senator Barack Obama.

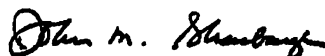
In the current Congress, Senators Baucus and Grassley have re-introduced freestanding legislation on this issue. And, the Senate Judiciary Committee has already reported out a comprehensive patent reform bill which includes a tax strategy patents provision. It is also important to note that the National Taxpayer Advocate, Nina Olson, has also called for a legislative solution to this problem.

Working together, we are confident that we can fix this problem. **It is the right thing to do. We urge you to do everything you can to move this legislation quickly and oppose any efforts to weaken or remove this pro-taxpayer provision as patent reform legislation moves through the Congress.** We thank you for considering the views of the Texas Society of CPAs and for your advocacy of good tax policy on behalf of all taxpayers in our state.

Sincerely,



C. Jeff Gregg, CPA
Chairman



John M. Sharbaugh
Executive Director/CEO

/pmw